

**GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:1734
ANSWERED ON:08.08.2006
PROFITS/LOSSES BY AGRO AND RURAL INDUSTRIES
Singh Smt. Pratibha

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

- (a): the number of agro and rural industries existing as on date in various States particularly in Himachal Pradesh, State- wise;
- (b): the total number of industries earned profit/incurred loss during each of the last three years, State wise;
- (c): the reasons for incurring losses by these industries; and
- (d): the steps taken by the Government to review/help these industries?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a): For setting up agro and rural industries (ARI) in the rural areas of the country, the Government (in the Ministry of Agro and Rural Industries) provides assistance to prospective entrepreneurs under its credit-linked subsidy scheme, namely, the Rural Employment Generation Programme (REGP), implemented through the Khadi and Village Industries Commission (KVIC). The State/Union Territory-wise details of total number of units set up by eligible beneficiaries under the REGP (up to 31 March 2005) in the country, including Himachal Pradesh, are given in the enclosed Annexure.

(b): The State-wise details of the present financial status including profit/loss, of individual or groups of units of these industries are not maintained centrally.

(c): The reasons for such industries incurring loss include inadequate availability of credit; infrastructure constraints, use of obsolete technology, inconsistent quality of products, product designs not be in keeping with the market demands, difficulties in market access, lack of entrepreneurial/managerial skills, etc.

(d): Existing units/self-employment ventures, which were set up with credit from banks but have now become sick, are eligible for rehabilitation assistance available to sick small scale industries, as per the guidelines of Reserve Bank of India (RBI). These measures include, inter alia, waiver of penal interest on cash credit and term loan from the year the unit started making cash losses, segregation of unpaid interest on cash credit and term loan from the total liability and treating the former amount as a separate interest-free loan, reduced rate of interest (reduction of up to 3 per cent for tiny units) on unpaid term loans, additional working capital loan at a rate of interest not exceeding the prime lending rate, etc.

Further, based on the 'Policy Package for Stepping up Credit to Small and Medium Enterprises' announced by the Government in Parliament on 10 August, 2005, the RBI has issued guidelines on 8 September, 2005 to all public sector banks that envisage debt restructuring mechanism for nursing sick/potentially sick small and medium enterprises (SME) including rural agro industrial units, back to health.